

**Nippon Paper Industries Announces the Sale of its Interests in
Daishowa-Marubeni International to Mercer International**

Nippon Paper Industries Co., Ltd. (headquartered in Chiyoda-ku, Tokyo, hereinafter the “Company”) and Daishowa North America Corporation (hereinafter “DNAC”), a wholly owned subsidiary of the Company, announced today that they have agreed to sell their 50% interest in Daishowa-Marubeni International Ltd. (hereinafter “DMI”), to Mercer International Inc. (hereinafter “Mercer”), one of the world’s leading producers of market pulp.

1. Sale of DMI

In 1969, the Company and Marubeni Corporation established DMI as a joint venture in British Columbia, Canada, in order to produce and sell market pulp, which is used globally as raw material for paper products. DMI operates through two mills in British Columbia and Alberta and sells pulp globally.

Since the fifth medium-term business plan (FY2015-FY2017), the Company has been conducting a strategic review of its assets and as a result, the Company has decided to sell its interests in DMI.

2. Outline of DMI

(1)	Name	Daishowa-Marubeni International Ltd.			
(2)	Location	Suite 700 – 510 Burrard St. Vancouver, BC Canada V6C 3A8			
(3)	Title and Name of Representative	Tomoyuki Iida (President)			
(4)	Business Description	Manufacture and sale of market pulp Generation and sale of electricity			
(5)	Capital Stock	C\$262 million (12 million common shares, 250 million preferred shares)			
(6)	Establishment Date	December 1, 1969			
(7)	Stock Ownership	Common shares: Company 50%, Marubeni Corporation 50% Preferred shares: Daishowa North America Corporation (wholly owned subsidiary of the Company) 50%, Marubeni Corporation 50%			
(8)	Relation between the Company and DMI	Capital	Per above		
		Personnel	Two members of the Company are serving as directors of DMI		
		Transaction	The Company purchases market pulp from DMI		
(9)	Operating Results and Financials of DMI in the Last Three Years (C\$ million)				
		FY	FY ended Dec. 2015	FY ended Dec. 2016	FY ended Dec. 2017
	Net assets		284	289	300
	Total assets		691	646	620
	Sales		490	462	457
	Operating profit		12	(16)	17
	Pre-tax profit		15	(16)	14

3. Outline of Mercer

(1)	Name	MERCER INTERNATIONAL INC.
(2)	Location	Suite 1120, 700 West Pender Street, Vancouver, British Columbia, Canada V6C 1G8
(3)	Title and Name of Representative	David M. Gandossi, President and Chief Executive Officer
(4)	Business Description	Produces NBSK pulp, green energy and chemicals
(5)	Capital Stock	US\$65 million (as of December 31, 2017)

(6)	Establishment Date	July 1, 1968	
(7)	Net Assets	US\$551 million (as of December 31, 2017)	
(8)	Total Assets	US\$1,725 million (as of December 31, 2017)	
(9)	Major Shareholders and Stock Ownership	Peter R. Kellogg	35.3%
		Gates Capital Management, L.P.	7.4%
		Dimensional Fund Advisers LP	6.6%
		(as of March 23, 2018)	
(10)	Relation between the Company and Mercer	Capital	There are no material capital relationships between the Company and Mercer
		Personnel	There are no material personnel relationships between the Company and Mercer
		Transaction	There are no material transaction relationships between the Company and Mercer

4. Schedule for the Sale

(1)	Date of Signing	October 4, 2018
(2)	Date of Closing	November 30, 2018 (scheduled date)

About Nippon Paper Industries

Nippon Paper Industries Co., Ltd. is one of the top 10 pulp and paper companies in the world. Founded in 1949, the company owns more than 160 group companies and 180 thousand hectares of private timberlands. Under its slogan of “Shaping the Future with Trees”, Nippon Paper develops a diversified business as a comprehensive biomass company by leveraging its technologies and forest resources. The Company generates approximately 1,000 billion yen in net sales and employs nearly 12,000 people. Its common stock trades on the Tokyo Stock Exchange under the securities code 3863. Learn more at www.nipponpapergroup.com/english/